

STATE STUDENT ASSISTANCE COMMISSION

OPERATING BUDGET REQUEST

**2005-2007
FY06 & FY07**

August 1, 2004



*State Student Assistance Commission
Operating Budget Request
2005-2007
(FY06 & FY07)*

August 1, 2004

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"I wish to sincerely thank you granting me the state grant to attend college. My future is much brighter with this help."

A college freshman

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State Student Assistance Commission
Operating Budget Request
2005-2007

Part I: Background

Agency Mission

For 40 years, the State Student Assistance Commission of Indiana has been helping Indiana students and families meet the costs of a college education. There are three parts to the Commission's mission:

- to make college *affordable* with guaranteed student grants;
- to allow greater *choice* by granting awards to students attending public, independent and proprietary colleges; and
- to increase *college preparation* by giving additional grants to Twenty-first Century Scholars and to students graduating from high school with Core 40 and Academic Honors Diplomas and *military preparedness* through special grants to students also active in the Indiana National Guard.

The Commission accomplishes its mission with:

- *Need-based and Merit-based* programs for full-time and part-time students;
- *Special Program* grants for nurses, working students, minority students, children of disabled veterans and others;
- *Early Intervention* programs for Twenty-first Century Scholars;
- *Outreach Programs* to promote awareness of financial aid;
- *Research* to better understand the needs of Hoosier students and families; and
- *Technology* to make the delivery of awards as simple as possible for students and colleges.

Program Overview

Current grant and scholarship programs include:

- *Frank O'Bannon Grant Program* comprised of the *Higher Education Award* and *Freedom of Choice Grant*. For full-time students, this is the largest program administered by SSACI.
- *Hoosier Scholar Program*. This scholarship is a one-time \$500 grant given to outstanding high school seniors entering their first year at an Indiana college. Recipients are selected by high school counselors.
- *Minority Teacher and Special Education Services Scholarship Program*. This program was created to provide renewable scholarships for African American and Hispanic students preparing for a teaching career.
- *State Work-Study Program*. The program is designed to help students gain work experience and earn money towards their college expenses.
- *Nursing Fund Scholarship Program*. This program is designed to encourage students to pursue a career in nursing.

- *Robert C. Byrd Honors Scholarship Program.* The scholarship for new college students is designed to promote and award outstanding academic achievement. It is a federal program.
- *Part-time Grant Program.* The award is designed to encourage degree-seeking part-time undergraduates to complete their degrees by subsidizing part-time tuition costs at public and Independent colleges.
- *Reciprocity Agreement Program.* This program provides out-of-state college assistance to Hoosier students residing in a six county area of southeastern Indiana.
- *Twenty-first Century Scholars Program.* The program is designed to support and encourage youth from lower-income families to enter college through early intervention strategies and grants. Students are enrolled while in the seventh or eighth grade.
- *The Twenty-first Century Scholars GEAR UP Summer Scholarship.* This program allows Scholar's to take summer classes not covered by other state grants.
- *Twenty-first Century Scholars GEAR UP Mentoring Scholarship.* This program provides grants towards the cost of education for college senior Scholars who mentor underclass Scholars.
- *Indiana National Guard Supplemental Grant Program.* This program provides tuition assistance at public colleges to eligible members of the Indiana Air and Army National Guard.
- *Child of Veteran and Public Safety Officer Supplemental Grant Program.* This program provides tuition assistance at public colleges for eligible children of disabled Indiana veterans and certain public safety officers killed in the line of duty.

Agency Initiatives

Maintaining Student Aid Appropriations

Over the past fifteen years Indiana has made great strides in raising the educational level of Hoosiers, improving the college preparedness of its high school graduates, improving its college-going rates, and preparing a college-educated workforce able to meet the technological challenges of a changing global economy. But Indiana has a long way to go.

Despite a strong investment in financial aid by the state in the 2003-05 biennium, for the first time in the academic year 2002-03 the Commission had to impose caps on *all* the tuition and fees it could subsidize at public as well as independent colleges: the maximum financial aid students could receive was held at 2001-02 levels. This was exactly at the time when tuition was rising dramatically—public colleges increased 42% over three years and at the same time many introduced higher tuitions for new students regardless of program—and the number of students receiving aid increased by 8% in each year. Indeed, the issue of making college affordable has taken on such importance that Governor Kernan asked the public colleges to limit tuition increases to 4% and appointed a taskforce to examine the problem and make recommendations.

Without continued investment in higher education, especially student financial aid, Indiana would be taking steps backward. Indiana must continue to invest in the

future, meet its commitments to students, meet the needs of Hoosier families, and combat the raising costs of college tuition on a number of fronts:

- an improved economy so that Hoosier families can have the resources needed to help pay their share of college costs;
- increased financial support for public colleges from a stressed state budget;
- increased efficiencies in the system of higher education and at individual colleges, both public, independent, and proprietary to keep tuition increases low;
- and increased financial aid to bring the system back up to a level of funding that narrows the growing gap between the tuition families pay and what is subsidized by financial aid.

Assumptions of Commission Estimates

The funds the Commission estimates it needs for the next biennium are listed in the attached Schedules in Part II. The estimates are based on the best available data. Unfortunately the estimates for the major need-based program, the Frank O'Bannon Grant, hold the maximum awards at the same levels as 2001-2005 while trying to account for increased growth in the number of students going to college and needing support.

The assumptions used in making the estimates are:

- Frank O'Bannon Grant. The maximum tuition and fees subsidized will stay the same as 2003-04: \$4,700 at public colleges and \$9,100 at independent colleges. Tuitions under the cap are assumed to go up by no more than 4% per year. The number of students requiring state aid is assumed to increase from 7% to 8% per year. In effect, the budget will cover increased number of students but not increased tuitions at the most expensive public colleges or the anticipated tuition increases at independent and proprietary colleges.
- Twenty-first Century Scholarship and Indiana National Guard Supplemental Grant. Tuition will increase by no more than 5% in each year of the biennium. The number of Scholars will increase by 8% to 10% per year. The number of National Guard Students will increase at a modest rate of 3% per year or stay the same.
- Twenty-first Century Scholar Early Intervention Program. The increases in 2005-06 and 2006-07 are to replace the loss of federal GEARUP funds, which will run out in 2004-05 after 6 years. A one-to-one dollar replacement was assumed with no increases in operational costs despite increased Scholar enrollments.
- Feel Remission Program. The overall increase will be a combination of no more than a 3% increase per year in students and no more than a 5% increase in covered tuition and fees.
- Special Programs and Part-time Grant. Funds requested are level funding from 2004-05. Either student awards will be reduced or the number of students served will go down or both.

Investing in the future

The Advisory Committee on Student Financial Assistance in its publication, *Empty Promises, The Myth of College Access in America* (Washington, D.C. 20202-7582. June 2002) has stated:

The United States invests in higher education—in human capital—because the potential economic benefits, increased productivity, a flexible workforce able to respond to a changing economy, and an increased standard of living for workers, are important both for the nation and its citizens. This investment also produces an educated electorate and "a more informed democracy."

Few people doubt that helping low- and medium-income Indiana families pay for college is an important function of government. Besides the higher civic participation of college-educated citizens, the healthier life-styles (less obesity, less smoking), the lower unemployment, the state directly benefits from the additional revenues higher educational attainment brings. As the following table shows, helping families pay for college is no less an investment than economic development zones and high-tech partnerships.

Advantages of Higher Education 2000 National Census Data						
Type of Education	Median Income	Potential Earned Over Working Life	Indiana Income Taxes Paid	Indiana Sales Taxes Paid	Total Indiana Taxes Paid	More Taxes Paid Compared to High School Graduate
Professional Degree	\$109,600	\$4,458,528	\$151,590	\$89,171	\$240,761	205.2%
Doctorate	\$89,400	\$3,499,116	\$118,970	\$69,982	\$188,952	139.6%
Masters Degree	\$62,300	\$2,682,015	\$91,189	\$53,640	\$144,829	83.6%
Bachelors Degree	\$52,200	\$2,354,220	\$80,043	\$47,084	\$127,128	61.2%
Associate Degree	\$38,200	\$1,792,344	\$60,940	\$35,847	\$96,787	22.7%
Some College (no degree)	\$36,800	\$1,746,896	\$59,394	\$34,938	\$94,332	19.6%
High School Diploma	\$30,400	\$1,460,659	\$49,662	\$29,213	\$78,876	0.0%
Less than High School	\$23,400	\$1,147,747	\$39,023	\$22,955	\$61,978	-21.4%

Median Incomes are national figures from 2000 Census.

Potential Earned based on working typical working years with income increases from 1% to 3% per year depending on degree.

Indiana Income Taxes paid based on a constant 3.4% rate.

Sales Taxes paid based on using 1/3 of income for taxable purchases at a constant 6%.

Estimates from US Census Bureau's "The Big Payoff: Attainment and Synthetic Estimates of Work-Life Earnings", July 2002

At the average award in 2003-2004, the state might pay in total \$12,788 to help a student earn a bachelor's degree and \$2,265 to earn an associate degree, and \$2,650 for a student to go to college for one year. *That modest state investment can reap large benefits in tax revenue collected, even for students who never complete a degree.*

Meeting the commitments

Over the past decade, Indiana has made strong commitments to high school students: meet higher academic and social standards and the state will give extra financial support for college. Teaching students character and values means honoring commitments.

Students who complete the Core 40 curriculum with a 2.00 GPA, students who earn an Academic Honors Diploma with a 3.00 GPA, Twenty-first Century Scholars who pledge to be good citizens, work hard in high school, and get their parents involved, and students who commit to defending their country in by joining the Indiana National Guard, all receive extra help.

The following tables show the growth in that commitment since 2000 alone. The expectation is that the growth will continue as more and more students meet the challenge of higher standards.

Core 40 and Academic Honor Students				
Year	New high school graduates		Total Students Seeking State Aid	
	Core 40	Honors	Core 40	Honors
2000	17,801	14,052	11,814	10,957
2001	17,807	14,619	11,458	11,420
2002	18,274	15,337	11,726	12,111
2003	19,162	16,400	12,287	12,929
2004	20,055	17,140	12,623	13,534

21 st Century Scholars and Indiana National Guard Students				
Students Eligible for Supplemental Grants				
Year	New 21 st Century Scholars	21 st Century Scholars Seeking State Aid	New National Guard	National Guard Seeking State Aid
2000	3,248	7,167	593	5,93
2001	3,514	7,972	657	1,000
2002	3,811	9,047	527	1,098
2003	3,683	9,652	383	983
2004	4,470	10,701	400	1,000

Because of the deployments of National Guard students, the numbers of these students are liable to stabilize or drop in the near future. SSACI relaxes filing deadlines and the 10-year limit rule for deployed students.

Meeting the needs

There is little doubt that student financial aid has had impacts on the educational attainment of Hoosier young people. For example,

- In 1998, Indiana ranked 17th in the country in the percentage of students going on to postsecondary education. It ranked 40th in 1986.
- Nearly 61% of Indiana's 1998 high school graduates went on to college compared to only 57.2% nationally.

- Indiana consistently ranks in the top 7 or 8 of states in the amount of financial aid available to its college students. In 2002-03 it showed the highest increases in state financial aid of any state.

Despite these modest gains, Indiana has a long way to go. Financial aid is just one of the factors. The other factors are student academic preparation and motivation to go to college.

The following table compares students in 2003-04 who received state aid (Need students) compared to students ineligible for state need-based aid (No-need). The comparisons are by student diploma type: regular, Core 40, and Academic Honors.

Students In 2003-04 Receiving State Aid (Need) Compared To Students With No-need for Aid					
Diploma Type	Number of Students	Parental Adjusted Gross Income in 2003		First-time College Goers	
		Need	No-need	Need	No-need
Regular	12,735	\$28,825	\$74,967	54.3%	39.6%
Core 40	12,669	\$33,760	\$78,019	54.7%	38.9%
Honors	13,290	\$39,896	\$89,169	47.1%	27.2%
All	38,694	\$34,309	\$81,694	51.9%	34.5%

Combating the costs

As Indiana strives to raise educational levels, increase college going, and better prepare students for the academic rigors of college, costs continue to spiral upward at an alarming rate. Without continued support of financial aid, Indiana faces the same serious challenges as the nation as a whole: Higher tuition costs and lower abilities of families to pay for college. From *Empty Promises, The Myth of College Access in America*:

Throughout the decade, as school reform and early intervention efforts expand the number of college-qualified high school graduates, scarce grant aid will be stretched even further and work and loan burden will rise above current levels. This will produce even larger national losses of college-qualified high school graduates, as well as wider income-related gaps in college participation and degree completion for the foreseeable future. Without significant increases in need-based grant aid, this chain of events is irreversible.

Families of low-income, college-qualified high school graduates face annual unmet need of \$3,800, college expenses not covered by student aid, including work-study and student loans. And the shortage in grant aid requires these families to cover \$7,500—two-thirds of college expenses at public four-year colleges and one-third of family income—through work and borrowing. Their peers from moderate-income families face similar barriers.

National data do not give an accurate picture of the situation in Indiana. The following table shows the costs typical Indiana students faced in 2003-04 at five different Indiana colleges. Besides receiving aid, working while in college and taking out loans, the table shows that some families can claim federal tax deductions for tuition and the

Hope tax credit (the latter is available only for the first two years of college). However, such offsets to educational costs are not available to everyone.

The examples use the cost of attendance (COA), which includes tuition, fees, living expenses (e.g., room and board), books, supplies, travel, and other expenses. When students file the *Free Application for Federal Student Aid* (FAFSA), the federal government estimates how much the parent and the family (including the student) can pay towards college costs. SSACI uses only the parental contribution (PC) in its award calculations based on subsidizing a portion of tuition and fees. The federal government uses the expected family contribution (EFC), which is the parental contribution plus the student contribution, but bases its awards on the estimated cost of attendance which is always much higher than tuition.

The table summarizes possible awards and tax advantages for the ‘average’ student. Even though the parental adjusted gross income (AGI) is not the sole factor determining the PC or EFC, it is a useful measure and is included. It is assumed that the family filing for the tax adjustment subtracts SSACI aid in the proper way as required by the federal government. Computing tax advantages based on average data is difficult.

Average Dependent Students with a State Award at Selected Colleges 2003-04					
	Ivy Tech	ISU	IU (BL)	Butler	Notre Dame
Cost of Attendance	\$11,982	\$13,586	\$16,510	\$32,630	\$36,672
Actual Tuition & Fees	\$2,378	\$4,442	\$6,017	\$21,210	\$27,612
Subsidized Tuition & Fees	\$2,378	\$4,442	\$4,700	\$9,100	\$9,100
Parental Contribution	\$969	\$1,812	\$2,028	\$3,900	\$3,285
Expected Family Contribution	\$1,984	\$2,702	\$2,893	\$5,194	\$4,467
Adjusted Gross Income	\$26,402	\$32,958	\$33,428	\$46,709	\$49,139
Average State Award	\$950	\$3,017	\$3,350	\$5,137	\$4,907
Federal Pell Grant	\$2,100	\$1,300	\$1,200	\$0	\$0
Tax Deduction	\$286	\$0	\$0	\$0	\$0
Tax Credit	\$0	\$1,200	\$1,350	\$1,500	\$1,500
Balance	\$6,662	\$5,367	\$7,717	\$20,799	\$25,798

The balance was computed as COA – EFC – Average Award – Pell Grant – Tax Deduction – Tax Credit. It is the amount families must pay through loans or have paid by institutional aid. It is clearly substantial even at low cost public college, especially at a time when state aid per student is being held constant and decreasing for many.

The maximum Pell Grant in 2003-04 was \$4,050 for a student with zero expected family contribution at the college with the highest cost of attendance. Pell eligible students are usually also eligible for federal subsidized (guaranteed) loans. The average guaranteed federal loan for Indiana students is around \$3,900 per year. Parents often have to borrow money through other federal programs (PLUS loans) administered by commercial entities but at higher interest rates than the guaranteed student loans. The amount of the guaranteed loans depends on (federal) financial need and is adjusted by the amount of Pell and other grants, including state aid.

Summary

Helping students pay for college is a long-term investment in Indiana's future. Hoosiers who go to college have children who graduate from college. College graduates pay more in taxes, buy more expensive homes, vote more often, are healthier, are able to afford health insurance, and are unemployed less. Despite rising tuition costs and the increases on student aid that implies, Indiana cannot allow itself to fall behind.

Calculating Full-Time Student Awards

One perspective on understanding the influences on state aid is the way in which the *mixed* academic merit and need-based major programs of the State Student Assistance Commission of Indiana (SSACI) are currently structured. The awards for full-time students are based on three factors:

- The tuition and regularly assessed fees charged by colleges to their typical student taking an average course load of 30 credit hours per year. The permissible amounts are capped at all colleges: public, independent (private) and proprietary.
- The rate at which the tuition and fees are subsidized. For students with an Academic Honors Diploma and a high school GPA of at least 3.00, the rate is 100%; for students with a Core 40 Diploma and at least a 2.00 GPA, it is 90%; for all other students, it is 80%.
- The family's ability to pay towards their child's education or in the case of emancipated students, their ability to pay. It could be zero (0) or too high to qualify for an award. It is based on data parents and students supply annually on the *Free Application for Federal Student Aid* (FAFSA).

The formula is simple: **award = subsidy * tuition and fees – ability to pay**. The award cannot be less than \$200. This award is the Frank O'Bannon Grant. If a student attends an independent college, a portion of the award is named the Freedom of Choice (FOC) award and a portion the Higher Education Award (HEA). At other colleges it is named the Higher Education Award.

Supplemental and other major awards

In addition to the Frank O'Bannon Grant, the state has two supplemental grants, an award for part-time students, and a fee remission program. The supplemental grants are the Twenty-first Century Scholars award and the National Guard Supplemental grant. These are targeted grants based on a form of non-academic merit: for low-income and at-risk Scholars a commitment to graduate from high school and avoid drugs and alcohol; for members of the Air and Army Indiana National Guard a commitment to maintain the military readiness of the state.

As the name implies, these grants supplement or pay the tuition and fees not covered by the Frank O'Bannon Grant. As the Frank O'Bannon Grant goes down, the supplemental grants go up. *Thus if the Frank O'Bannon Grant is reduced due to budget constraints, the appropriations for the supplemental grants must go up correspondingly.*

Twenty-First Century Scholars

The number of Scholars potentially applying for state aid increased by 11% in the one year from 2003 to 2004, the number of new Scholars going to college increased by 21%. These are large increases. The number of Scholars requesting financial aid is expected to increase at comparable rates of 8% to 10% in each of the next 4 years. The increase in grants needed for these students will be correspondingly large. The average Scholarship for a Scholar at a public 4-year college in 2003-04 was \$2,195.

National Guard Supplemental Grant

Estimating the costs of this grant is difficult as substantial numbers of students have been activated and deployed to Iraq and Afghanistan over the past two years. However, at the end of 2002-03, 1098 students received aid. The Indiana National Guard estimates that the numbers will start increasing again and there will be over 1,000 students eligible to receive the award in 2005-06. The average award of over \$2,900 is higher than the average Higher Education Award at public colleges, which is around \$2,400.

Part-time Grant

This grant mirrors the full-time student Frank O'Bannon Grant and is given to students taking less than 12 hours. It is calculated in the same way as the Grant for full-time students but using a fixed subsidy rate of 80% and the student's actual part-time tuition and fees. It encourages students to both start and finish college by reducing one of the pressures on non-traditional working students: lack of money to attend college full-time.

Maintaining Student Aid Appropriations: Frank O'Bannon Grant

Demands on state resources

The basic formula for the Frank O'Bannon Grant tells the story of the four factors that work together to increase the state's commitment to financial aid:

- The number of students receiving aid.
- The distribution of the students receiving aid.
- The tuition and fees subsidized.
- The parent or student ability to pay.

The number of students

As the state encourages more students to take academically challenging high school courses, as it develops a community college system, as it encourages the development of high-tech jobs, and as it pushes generally to increase the level of education of Hoosiers, the number of students going to college increases. Not all the students will receive financial aid but the numbers who do increase each year, especially at the higher subsidy rates for Core 40 and Honors.

Percentage Increase in the Number of Students Receiving State Aid			
1999 to 2000	2000 to 2001	2001 to 2002	2002 to 2003
13.50%	1.30%	8.90%	7.80%

The change from 2000-01 to 2001-02 was unusually low; it rarely falls below 4.5%. That was the first year of the severe economic slump in Indiana and the first year that public colleges introduced differential tuitions for new and continuing students.

The distribution of the students

Increases in total numbers alone are only part of the story. What matters is who the students are and where they go. The number of students receiving the FOC award and going to the more expensive independent (private) colleges increases each year, from modest 1% from 1999 to 2000 and 3% to 4% in other years. These students tend to be those highly subsidized, that is, Honors and Core 40 graduates. Overall, the number of academically strong students is increasing in absolute numbers as well, whether they go to public or private colleges: at least a 5% to 8% increase in both types of students filing the FAFSA for the foreseeable future is expected.

Frank O'Bannon Grant Regular, Core 40 and Honor Diploma Students Attending Public and Non-public Colleges 2000-2001 to 2003-2004								
Year	All Public College Students	All Private College Students	Regular Public	Regular Private	Core 40 Public	Core 40 Private	Honors Public	Honors Private
2000-01	25,681	10,338	16,173	4,684	4,814	1,876	4,693	3,778
2001-02	25,612	10,665	14,502	4,411	5,810	2,291	5,300	3,953
2002-03	28,444	11,828	15,307	4,478	6,772	2,617	6,365	4,433
2003-04	31,407	11,861	11,983	4,515	7,798	2,681	7,315	4,665

The tuition and fees

Tuition increases for 2002-2003 were extreme, on the order of 15% to 34% at public institutions and more modest increases of around 6% to 7% at private institutions. The increases in 2003-04 at public colleges were more modest but still around 7%-8%. However, SSACI was forced because of budgetary restraints to cap the subsidized tuition at both public and independent colleges in 2003-04 and 2004-2005 for the Frank O'Bannon Grant at \$4,700 and \$9,100 for both years. *Thus for the first time state grants are no longer indexed to tuition at all public colleges but rather to an artificial level.* Subsidized tuition at independent colleges was always capped at independent colleges to an approximation of the "true cost" of a public education to the state and the student: the highest public college tuition plus the lowest appropriation per full-time equivalent. *However, the independent college cap was also set at the same level for 2003-04 and 2004-05 and is no longer indexed to public tuition or appropriations.*

Tuition increases have the greatest immediate impact on supplemental grant programs, the 21st Scholarship and National Guard because they are calculated based on the actual current year's tuition at public colleges and the cap at the private colleges. Because the Frank O'Bannon Grant is calculated on the previous year's tuition and fees, it always lags behind tuition increases.

The true measure of tuition and fee increases is the average tuition subsidized by SSACI. In 1998 it was \$4,226 but it increased by over 12% to \$5,226 in 1999. It continued to increase in 2000 and 2001 until it flattened out in 2002 and 2003. The average subsidized tuition and fees measures two things: the actual increases in tuition and the distribution of students. As more students earn the Honors and Core 40 diplomas and as more of those students go to the more expensive private colleges, the average

subsidized tuition increases at a fast rate. Success in improving the academic preparation of students and giving them a choice is a substantial but necessary investment on the part of the state. Indeed, the average subsidy rate for students in 2003-04 was 90%, just as if all students receiving aid had earned a Core 40 diploma in high school.

The ability to pay

This is the only factor that might work to decrease the state's costs for financial aid in the next biennium. In 1999-2000, the average parent's ability to pay towards their child's education was \$1,730 for those receiving state aid; it increased to \$2,237 in 2003-04, an average of \$127 per year. Tuition and fees of course increased more than that per year over the same time period. Moreover, as the following table shows, the average ability to pay has *decreased* slightly for the 2004-05 academic year. This is due to the increasing number of low-income students choosing college and the poor overall performance of the Indiana economy. The PC is the Parental Contribution.

Average PC to the Costs of Education Academic Year 2004-05	
Institutional Sector	PC
Public	\$2,112
Private	\$3,190
Proprietary	\$755
Reciprocity Agreement	\$1,446
Community College	\$1,092
Total	\$2,220

The ability to pay varies by the type of institution the student attends and by sociological factors: students with strong academic backgrounds tend to come from families with higher education levels and higher incomes; hence their ability to pay for college is usually higher. In 1999-2000, 52.5% of the students receiving state aid came from families in which neither parent had a college degree (39.2% for students not offered aid). In 2003-04 the percentage of first-time college goers was 51.9% (34.5% for students not receiving aid). Moreover, students receiving aid in 1999-2000 come from single-parent families 44.7% of the time, with just about the same number in 2003-04.

The ability to pay also varies year-to-year depending on the national economy and the U.S. Congress, which sets the methodology. Larger increases in the ability to pay means that the federal government spends less on need-based aid such as the Pell grant and that the loan indebtedness of students increases. An increase in the ability to pay for college reduces the total number of students receiving aid; however, it mostly affects students at the margin of receiving an award.

Finally, given that the average ability to pay is only about one-fourth to one-third of the subsidized tuition, even modest increases in tuition offset gains in the family's ability to pay for college. Indeed, the only way state costs for financial aid could be reduced because of increases in the family's ability to pay is to have little or no increases in tuition in all sectors of higher education, public and private.

Meeting student needs

In the recent past the Indiana student aid system was holding its own in meeting the needs of students in offsetting the costs of education. It made college affordable and possible for large number of Hoosiers who otherwise would have to forgo college or take on large amounts of loan debt. In fact, the state of Indiana is currently ranked as one of the top ten states in granting financial aid to college students, both in the total amount of aid and in the size of the individual awards to students in Indiana public, independent, and proprietary colleges. In order to maintain this leadership position, the State Student Assistance Commission has been strongly supported by the General Assembly, the Governor and the Commission for Higher Education with 10% to 14% increases in its major program budgets each. Unfortunately, over the next biennium even larger increases in aid will be needed to keep state aid adequate to the need.

The following two tables show grant expenditures in all major programs from 2000 to 2003. The first table lists the Frank O'Bannon Grant–Higher Education Award and the Freedom of Choice award–broken out by subsidy rates: Base at 80%, Core 40 at 90% and Academic Honors at 100%.

Awards Used by Students Academic Years 2000-01 to 2003-04 Higher Education and Freedom of Choice Awards								
Year	HEA	FOC	Base HEA	Base FOC	Core 40 HEA	Core 40 FOC	Honors HEA	Honors FOC
2000 Students	37,063	10,338	21,752	4,684	6,812	1,876	8,498	3,778
Mean	\$1,853	\$2,618	\$1,715	\$2,414	\$1,940	\$2,665	\$2,139	\$2,849
Median	\$1,685	\$2,629	\$1,588	\$2,328	\$1,880	\$2,687	\$2,115	\$2,901
Total	\$68,696,060	\$27,067,670	\$37,305,091	\$11,304,893	\$13,213,420	\$4,998,836	\$18,174,818	\$10,763,941
2001 Students	37,538	10,655	20,005	4,411	8,245	2,291	9,288	3,953
Mean	\$1,862	\$2,686	\$1,661	\$2,447	\$1,983	\$2,742	\$2,186	\$2,922
Median	\$1,698	\$2,688	\$1,482	\$2,348	\$1,912	\$2,780	\$2,138	\$2,956
Total	\$69,877,154	\$28,622,395	\$33,223,299	\$10,791,834	\$16,351,885	\$6,280,834	\$20,301,970	\$11,549,727
2002 Students	41,854	11,828	21,460	4,778	9,557	2,617	10,837	4,433
Mean	\$1,968	\$2,873	\$1,730	\$2,586	\$2,083	\$2,930	\$2,338	\$3,148
Median	\$1,778	\$2,876	\$1,560	\$2,444	\$1,970	\$2,956	\$2,308	\$3,216
Total	\$82,371,441	\$33,979,276	\$37,124,934	\$12,355,112	\$19,909,209	\$7,668,877	\$25,337,298	\$13,955,287
2003 Students	45,415	11,861	22,688	4,515	10,696	2,681	12,031	4,665
Mean	\$2,006	\$3,179	\$1,792	\$2,853	\$2,137	\$3,249	\$2,293	\$3,454
Median	\$1,812	\$3,198	\$1,584	\$2,746	\$2,034	\$3,334	\$2,220	\$3,526
Total	\$91,089,925	\$37,708,213	\$40,650,193	\$12,883,117	\$22,852,255	\$8,710,581	\$27,587,477	\$16,114,515

The next table shows the totals for five major grant programs: Higher Education, Freedom of Choice, 21st Century Scholarship, National Guard, and Part-time Awards and how they relate to the Frank O'Bannon Grant.

Awards Used by Students
Academic Years 2000-01 to 2003-04
Higher Education, Freedom of Choice, 21st Century Scholarship, National Guard, and Part-time Awards

Year		All Awards	HEA	FOC	Scholars	National Guard	Part-time
2000	Students	43,811	37,063	10,338	5,033	503	6,620
	Mean	\$2,517	\$1,853	\$2,618	\$1,507	\$2,040	\$892
	Median	\$2,047	\$1,685	\$2,629	\$1,194	\$1,796	\$712
	Total	\$110,276,206	\$68,696,060	\$27,067,670	\$7,583,425	\$1,026,094	\$5,902,957
2001	Students	44,472	37,538	10,655	5,984	861	6,366
	Mean	\$2,587	\$1,862	\$2,686	\$1,567	\$2,140	\$839
	Median	\$2,082	\$1,698	\$2,688	\$1,163	\$1,919	\$636
	Total	\$115,066,066	\$69,877,154	\$28,622,395	\$9,379,520	\$1,842,824	\$5,344,173
2002	Students	48,596	41,854	11,828	6,942	923	5,764
	Mean	\$2,796	\$1,968	\$2,873	\$1,797	\$2,400	\$841
	Median	\$2,240	\$1,778	\$2,876	\$1,416	\$2,108	\$670
	Total	\$135,892,171	\$82,371,441	\$33,979,276	\$12,476,966	\$2,214,787	\$4,849,701
2003	Students	51,970	45,415	11,861	7,639	841	5,695
	Mean	\$2,905	\$2,006	\$3,179	\$1,926	\$2,635	\$921
	Median	\$2,376	\$1,812	\$3,198	\$1,575	\$2,310	\$748
	Total	\$150,975,035	\$91,089,925	\$37,708,213	\$14,714,426	\$2,215,806	\$5,246,665

The final table shows the major grants by institutional sector for 2003-04: public four year colleges, independent (private) colleges, proprietary colleges, reciprocity agreement colleges, and the two year community college.

		2003-2004 Used Awards All Major Grant Programs					
Institutional Type		All Awards	HEA	FOC	Scholars	National Guard	Part-time
Public	Students	29,069	25,559		4,952	697	2,814
	Mean	\$2,650	\$2,411		\$2,138	\$2,921	\$993
	Median	\$2,566	\$2,404		\$1,720	\$2,640	\$923
	Total	\$77,033,793	\$61,614,039		\$10,588,631	\$2,035,777	\$2,795,346
Independent	Students	12,714	11,861	11,861	1,242		937
	Mean	\$4,892	\$1,712	\$3,179	\$2,195		\$1,558
	Median	\$4,724	\$1,722	\$3,198	\$1,820		\$1,331
	Total	\$62,201,959	\$20,307,678	\$37,708,213	\$2,726,298		\$1,459,770
Proprietary	Students	2,089	2,035		208		
	Mean	\$1,236	\$1,178		\$886		
	Median	\$1,206	\$1,206		\$567		
	Total	\$2,581,672	\$2,397,410		\$184,262		
Reciprocity	Students	112	112				
	Mean	\$2,151	\$2,151				
	Median	\$1,929	\$1,929				
	Total	\$240,953	\$240,953				
Community College	Students	7,986	5,848		1,237	144	1,944

2003-2004 Used Awards All Major Grant Programs							
Institutional Type		All Awards	HEA	FOC	Scholars	National Guard	Part-time
All Schools	Mean	\$1,117	\$1,117		\$982	\$1,250	\$510
	Median	\$957	\$906		\$786	\$1,010	\$492
	Total	\$8,916,658	\$6,529,845		\$1,215,235	\$180,029	\$991,549
	Students	51,970	45,415	11,861	7,639	841	5,695
	Mean	\$2,905	\$2,006	\$3,179	\$1,926	\$2,635	\$921
	Median	\$2,376	\$1,812	\$3,198	\$1,575	\$2,310	\$748
	Total	\$150,975,035	\$91,089,925	\$37,708,213	\$14,714,426	\$2,215,806	\$5,246,665

The requested increases needed in student aid appropriations for the Frank O'Bannon Grant are intended to keep the state's level of support for individual students comparable to past years and to the state's level of support for the publicly funded colleges and universities.

Maintaining Student Aid Appropriations: Twenty-First Century Scholarships

The Twenty-first Century Scholars Program, created in 1990, has grown dramatically. The program has enrolled nearly 100,000 students from all counties and all school districts in Indiana. Beginning in school year 1995-96, Scholars began graduating from high school and entering college. In 2004-05 over 11,000 Scholars will be enrolled in college. This figure is expected to increase to in the next biennium.

The following table summarizes the activity in enrolling and affirming Scholars through the Scholar cohort year 2004, the expected year of high school graduation and the year they will enroll in college. The enrollment for those Scholars graduating high school in the future has been increasing at a high rate. For example, in calendar year 2004 the Program enrolled 14,028 8th graders and 8,181 7th graders, a total of 22,209. The program expects at least 50% of these students will graduate high school and attend college as new Scholars in 2008 and 2009.

21 st Century Scholars Enrolled and Affirmed Since 1995			
Cohort	Enrolled	Affirmed	% Affirmed
1995	3,156	2,563	44.8%
1996	3,477	2,838	44.9%
1997	2,626	2,609	49.8%
1998	2,593	2,641	50.5%
1999	2,644	3,002	53.2%
2000	3,196	3,410	51.6%
2001	4,140	3,927	48.7%
2002	4,396	3,919	47.3%
2003	7,138	3,291	46.1%
2004	9,919	4,780	49.0%

One indicator for commitment to college is the percent of Scholars who file for financial aid (file the FAFSA) in their senior year of high school. The filing rates were 74.0% in 1995, 79.4% in 1996, 79.9% in 1997, and 88.0% in 1998. This suggests that increased emphasis on early intervention is having the desired effect as increasing percentages of Scholars commit to college. Financial aid re-filing rates of the 1995 and 1996 Scholar cohorts show nearly 80% to 90% filing in the second year of college. Indeed, through 2001, Scholar re-filing rates were consistently 10% higher than their fellow students. This is a measure of persistence and commitment to college. Scholars differ in important ways from other state aid recipients and especially from students not eligible to receive state aid. The following table shows some differences. Scholars tend to be first generation college goers with Core 40 diplomas from larger families with younger single parents earning less money than other aid recipients and non-recipients.

Characteristics of Dependent Students Filing a FAFSA (Free Application for Federal Student Aid) Academic year 2002-2003			
	21 st Century Scholars	Other state aid recipients	Students not eligible for state aid
First generation college goers, percent	58%	52%	36%
Single parents, percent	48%	44%	11%
Family size, average	4.2	3.9	4.0
Age of older parent (yrs), average	45.7	46.9	47.9
Mother's 2001 earnings from work, median	\$13,685	\$15,069	\$23,930
Father's 2001 earnings from work, median	\$17,669	\$21,883	\$49,391
Combined 2001 earnings from work, median	\$25,935	\$31,384	\$71,827
Parent's 2001 adjusted gross income, median	\$27,735	\$32,190	\$74,576
Honors Diploma Graduates, percent	25%	34%	38%
Core 40 Diploma Graduates, percent	38%	31%	31%

Grant Appropriation

The Twenty-first Century Scholars award is a supplemental award to the Frank O'Bannon Grant (the grant is the combined HEA and FOC awards). It makes up the difference between tuition and the grant so that in effect tuition is subsidized at 100%. Tuition increases immediately impact the Scholarships because the Frank O'Bannon Grant is based on the prior years tuition and fees and the 21st Scholarships on current tuition and fees.

The Scholars award funding achieved a full complement of awards in 1998-99 with Scholars in each of the four years of college. From 2002-2003 on, the growth in the number of Scholars is expected to be about 8% per year; the growth in the grants will be much higher due to the large increases in public college tuition in 2002-2003. The increase in costs should be somewhat offset by the fact that eligible Scholars will qualify for both the Core 40 and Academic Honors supplements to the Higher Education Award

and Freedom of Choice programs. The following table summarizes the Scholarships used through 2002-2004.

Awards Used by 21 ST Century Scholars Academic Years 1995-1996 to 2003-2004				
Year	Students	Mean	Median	Total
1995	1,463	\$1,297	\$1,044	\$1,897,143
1996	2,815	\$1,274	\$1,061	\$3,586,763
1997	3,540	\$1,348	\$1,114	\$4,771,556
1998	4,382	\$1,449	\$1,218	\$6,349,763
1999	4,600	\$1,497	\$1,229	\$6,884,035
2000	5,033	\$1,507	\$1,194	\$7,583,425
2001	5,984	\$1,567	\$1,163	\$9,379,520
2002	6,942	\$1,749	\$1,416	\$12,476,966
2003	7,639	\$1,926	\$1,575	\$14,714,426

The Scholarships and other aid received by Scholars for 2003-2004 are summarized in the next table. The awards are listed by institutional types. Scholars who choose to enroll part-time are not eligible for the 21st Scholarship but can receive a Part-time Grant.

Awards for 21 st Century Scholars Academic Year 2003-2004					
Higher Education, Freedom of Choice, 21 st Century Scholarship, and Other Need-Based Awards					
Type		All Awards	HEA	FOC	Scholarship
Public	Students	5,067	4,017		4,932
	Mean	\$4,291	\$2,757		\$2,139
	Median	\$4,422	\$2,878		\$1,723
	Total	\$21,741,494	\$11,075,981		\$10,549,871
Private	Students	1,431	1,329	1,329	1,239
	Mean	\$7,882	\$2,244	\$4,166	\$2,195
	Median	\$9,100	\$2,498	\$4,638	\$1,820
	Total	\$11,279,219	\$2,981,826	\$5,536,008	\$2,719,272
Proprietary	Students	212	158		206
	Mean	\$1,766	\$1,211		\$889
	Median	\$2,000	\$1,206		\$567
	Total	\$374,482	\$191,354		\$183,128
Reciprocity	Students	10	10		
	Mean	\$1,960	\$1,960		
	Median	\$1,746	\$1,746		
	Total	\$19,604	\$19,604		
Community Clg	Students	1,311	813		1,220
	Mean	\$1,688	\$1,189		\$987
	Median	\$1,914	\$1,040		\$786
	Total	\$2,213,436	\$966,290		\$1,204,563

Awards for 21 st Century Scholars Academic Year 2003-2004 Higher Education, Freedom of Choice, 21 st Century Scholarship, and Other Need-Based Awards					
Type		All Awards	HEA	FOC	Scholarship
All Schools	Students	8,031	6,327	1,329	7,597
	Mean	\$4,436	\$2,408	\$4,166	\$1,929
	Median	\$4,422	\$2,430	\$4,638	\$1,575
	Total	\$35,628,235	\$15,235,055	\$5,536,008	\$14,656,834

Twenty-First Century Scholars Program/Early Intervention

The Twenty-first Century Scholars Program was created by legislation in 1990 to:

- Reduce the number of students who withdraw from high school before graduation;
- Increase the number of students prepared to enter the workforce upon graduation;
- Increase the number of low-income students entering institutions of higher education;
- Decrease drug and alcohol use by encouraging higher education pursuits;
- Increase individual economic productivity; and
- Improve the overall quality of life for Indiana residents.

Students from families with incomes less than 185% of poverty may enroll in the scholars program in seventh or eighth grade by signing a written pledge to remain alcohol, drug and crime free and to graduate from an Indiana high school with a 2.00 grade point average. In their high school senior year, Scholars who sign an affirmation that they have kept the pledge are awarded full tuition awards to Indiana's public colleges or a comparable award to a private in-state college once they enroll.

State Involvement

The Scholars program began in 1990 with the enrollment of the first cohort of eighth graders from lower income families. The program provides mentoring, counseling, tutoring and advising of those students as they progress through secondary education. In 1991 a Parents' Project, funded with seed money from the Lilly Endowment, Inc., was started.

The State of Indiana provided initial funds in 1992 for the support program via a collaborative effort of the Commission for Higher Education (CHE), the State Budget Agency and the State Student Assistance Commission. That collaboration allowed the Indiana Career and Postsecondary Advancement Center (ICPAC) to hire staff to manage the Scholars Program database. At this point the Parents' Project was the support component and ICPAC managed distribution and collection of applications and the input of those data into a database. The State of Indiana provided additional funding for the support component during the 1992-1994 biennium that allowed the program to expand to nine sites. Further support to expand to twelve sites came in 1994 through the National Early Intervention Scholarship and Partnership (NEISP) initiative.

Recognition of the Program

The Twenty-first Century Scholars Program has received national recognition. The National Governor's Association has cited it as a "best practice" and made it the focus of a national meeting held in Indianapolis on August 12-12, 2002. The Program was also the model for the national federal GEAR UP initiative.

Expansions of the Program

Increased State, NEISP and eight years of AmeriCorps funds allowed the program to expand to sixteen sites. By July 1998, the Scholars' program had completed its regionalization process actively engaging each of the 92 Indiana counties in support program strategies. The sixteen Community Partner sites, full-time NEISP/Twenty-first Century Scholar Coordinators direct the outreach support initiatives in local communities. Each Community Partner hosts a Parent Support Group and a team of AmeriCorps Members.

GEAR UP

The NEISP program was phased out in 1999-2000 and replaced by GEAR UP, *Gaining Early Awareness and Readiness for Undergraduate Programs*. The GEAR UP grant to Indiana was \$25 million over 5 years beginning in September of 1999; the second highest in the nation (only a few thousand dollars behind California). Indiana received this substantial grant because it is recognized as a leader in early intervention and grant programs.

GEAR UP Summer Scholarship Program

A major thrust of the GEAR UP program is early intervention. Indiana is making great strides in preparing Twenty-first Century Scholars to succeed in college but their academic needs are great and many are best met by the colleges in which they enroll. Because many Scholars have not been provided with appropriate curriculum, instruction or academic support to succeed in college, they might need to take basic preparatory courses before they begin courses to satisfy program and degree requirements.

If a Scholar takes preparatory college courses in the summer before enrolling in a regular program in the fall, they might need financial assistance to pay for summer school tuition and fees. On the other hand, a Scholar who takes such courses in the fall semester might find herself or himself falling behind in their major program requirements unless they can afford to attend the following summer school. The *GEAR UP Scholarship* pays for summer school. The program was expanded in 2003-04 to include all summer courses that applied to the Scholar's academic program and would encourage him or her to graduate college within four years.

GEAR UP Summer Scholarship		
Year	Students	Grants
2002-03	242	\$277,266
2003-04	1,297	\$216,247
2004-05	1,400	\$245,091

GEAR UP Mentoring Program

Twenty-First Century Scholars GEAR UP Mentoring program is designed to enable college junior and senior Scholars to serve as mentors to freshmen and sophomore Scholars. During the academic year, mentors are required to devote 20 hours per week to providing services to their fellow Scholars, for example, assistance in negotiating the college experience, academic tutoring, and peer to peer counseling. The mentor may receive a grant to supplement their other grant aid up to the remaining need, which is the cost of attendance less the expected family contribution.

In addition, part of the mentorship is reserved for employment so that the Scholar can earn money for their 20 hour per week commitment. The idea is to use the Mentoring GEAR UP Grant in place of subsidized and unsubsidized student loans whenever possible to meet the student's financial need. Unsubsidized loans used to replace the EFC cannot be paid by the Mentorship grant. The mentorship is typically administered by the institutional student support service program although the grants would be administered by the financial aid office. The financial aid office and institutional support office have to work closely together to implement this mentorship to the benefit of students.

GEAR UP Mentorship		
Year	Students	Grants
2003-04	931	\$994,555
2004-05	1,031	\$1,156,451

The GEAR UP grant contributes over \$3 million to early intervention programs each year and another \$2 million or so is ear-marked for the special summer scholarships and mentoring program. However, the GEAR UP grant will expire at the end of the second year of the biennium, 2004-05.

Scholar Services and Going to College

To date, more than 21,000 Scholars have completed high school, affirmed that they have remained drug and crime free, and received tuition assistance to attend Indiana public, private, and proprietary colleges. Through 2004-2005 GEAR UP resources will continue the momentum and allow the Scholars Program to increase Scholar numbers, expand early intervention services through the sixteen Regional Community Partner sites,

and build system capacity with targeted professional development and improved service brokering. The following table shows some of the services offered to students in 2003-04.

Type of service	Scholars
Math Tutoring	174
English Tutoring	163
Tutoring - Other Academic Subject	112
Tutoring - Standardized test	71
Tutoring - College Entrance Exam	23
Tutoring - Other	84
Computer Assisted Lab - English	19
Computer Assisted Lab - Math	3
Computer Assisted Lab - Other Academic Subject	93
Computer Assisted Lab - Prep Standardized Test	4
Computer Assisted Labs - Other	49
Other Academic Support Service	4,914
General Mentoring	4,015
Professional Mentoring	31
Other Mentoring	169
Postsecondary School Credit	101
Personal Counseling	637
Counseling/Academic Advising	6,410
Counseling/Career Advising	1,634
Other Counseling	2,615
College Prep Workshop	1,062
Study Skills Workshop	275
Career Workshop	353
Other Workshops	1,897
College Visit	2,649
Job Site Visit	28
Cultural Event	622
Other Visits	304
Job Shadowing	69
College Professional Shadowing	1
Other Shadowing	13
General Event	9,606
Project Specific Event	3,870

Moving in the Right Direction

The state has made inroads in terms of new strategies to address the need for improved preparation for postsecondary education. The state's Twenty-first Century Scholars Program was a momentous step in the right direction, but needs further elaboration and extension throughout the state to meet its goals. A study (June 2002) by Dr. Edward St John and others at the Indiana Education Policy Center has found

... participation in the Scholars program improved postsecondary opportunity for low-income students compared to students who are not in the program. This

study confirms that the Scholars program played a role in the substantial gain in college access in the 1990s in Indiana. These findings indicate that Indiana's 21st Century Scholar's Program provides a workable approach to overcoming inequalities in educational opportunity.

The Path Ahead

Studying the problems and obstacles the Scholars Program has encountered in its first decade provided a course for future action. There are four areas of change that will be continuously improved in the next biennium to strengthen the Scholars' Program, making it more accessible to the target population it is intended to serve and helping them to more fully exploit its resources.

- Academic enrichment. Indiana must continue to set high academic standards and expect students to meet them. High standards mean high academic achievement.
- Improving knowledge about financial aid. Both students and parents need to be better informed of the growing array of free or low cost resources and literature on financial aid.
- Increased Parental Involvement. Based on the premise that families are the most fundamental system in any process of social or educational change, the Parents' Project empowers parents of Twenty-first Century Scholars with the skills and knowledge to make themselves the educational leaders in their families.
- More School/Community Partnerships. To expand services at the "grassroots" level, to build local capacity, and to meet the needs of the targeted population, the Program will continue to expand its interaction with middle and high schools through Communities in Schools, Inc (CIS) and other means.

Summary: Early intervention

The state of Indiana acknowledges that most students need more than financial assistance to overcome the many milestones between middle school and college. Students need the support of their schools, communities and, most important, their families. The Twenty-first Century Scholars Support Program strives to empower Scholars with the resources and resilience necessary to conquer critical milestones and succeed at higher education.

Administration of the Twenty-First Century Scholars Program

Since the first administrative expenditures were appropriated in 1993-94, regional support site costs for the Scholars Program have continued to grow. However, regional support site costs comprise a disproportionate amount of the total Administrative Expenditures. The support site costs are to seed and develop a regionalized system of early intervention throughout the State and to support sixteen regional offices, and the development of sixteen satellite offices.

New Technology

Until the summer of 2003, the Enrollment Data and Communications Center (EDC) at the Indiana Career and Postsecondary Advancement Center (ICPAC) collected and processed Scholar enrollment forms and tracked the Scholars through affirmation in the twelfth grade. SSACI has developed its own in-house computer application using the latest internet-based technologies to track enrolling Scholars. The new system is **SEAS**

(Scholar Enrollment and Affirmation System). It became operational in June of 2004. A few of the advantages of the new system are:

- The enrollment applications can be scanned into SEAS thus eliminating manual data entry and improving accuracy and efficiency.
- Automatic evaluation of income data to determine student eligibility.
- Maximum flexibility in allowing users to download any needed data for reports, mailing lists, and so on.
- Direct and automatic interface with SSACI's databases that Scholarships can be automatically created once a student is enrolled in college.

In effect, this overall approach of regional site development and the latest technology provides for a presence in every Indiana school district in the most efficient manner possible.

To track the progress of the sites and the early intervention activities, it is necessary to list a separate line item for the Early Intervention Programs as part of the administrative budget to clearly distinguish it from the central office administrative costs.

Maintaining Student Aid Appropriations: Part-Time Grant Program

The Commission's Frank O'Bannon Grant program is directed at Hoosier students enrolled on a full-time basis. An identifiable percentage of students who are enrolled less than full time have a need for financial aid toward completion of a degree or certificate (at Ivy Tech State College). The Commission established a program that helps part-time students who have demonstrated a commitment to pursuing a higher education. This should enhance the opportunities for work-force development in the state. The Part-Time Grant helps the state in another way: First priority for the award is given to students meeting certain income guidelines. This enables the state to claim expenses for the program as part of its maintenance of effort (MOE) for the federal Temporary Assistance to Needy Families (TANF) program.

The program is designed to encourage part-time undergraduates to start and complete their Associate or Baccalaureate degrees or Certificates by subsidizing part-time tuition costs. The students must meet State residency requirements, have filed a FAFSA and otherwise qualify for State aid. The part-time grant is a need-based award. The minimum award is \$50 per term.

Each institution is allocated a fixed dollar amount for grants. In effect, the number of students served is rationed by the available funds since institutions can make awards only up to their allocations. Funds for 2001-2002 and 2002-2003 had to be reduced due to the remission of 7% of the appropriations because of the state's fiscal crisis. That reduction has been maintained through 2004-05. The following table shows the disbursements since 1998.

Numbers of Students Receiving Part-time Grant Academic Years 1997-98 to 2003-04		
Year	Students	Amount
1998	4,680	\$3,814,984
1999	5,762	\$5,025,841
2000	6,620	\$5,902,957
2001	6,366	\$5,344,173
2002	5,764	\$4,849,701
2003	5,695	\$5,246,665

Maintaining Student Aid Appropriations: Indiana National Guard Supplemental Grant Program

New in 2000-2001, the National Guard Supplemental grant is available to members of the Indiana Air and Army National Guard seeking their first bachelor's degree. Students must meet all eligibility requirements for a Higher Education Award, be in active drilling status in the Guard at the time the award is used, and they cannot have been AWOL in the past twelve months. The grant makes up the difference in tuition not covered by the Higher Education Award. It is available only at public colleges in Indiana.

The Guard has been actively recruiting high school juniors and seniors in addition to college students. Awards are typically high, averaging \$2,635 in 2003-04. The following table shows the awards for 2000-2001 to 2003-2004. The decrease in students was due to the deployment of National Guard members to Iraq and Afghanistan in 2003 and 2004. It is expected that the National Guard will have 1,000 students for 2004-2005 and beyond with a corresponding increase in the funds needed for the program, assuming no large-scale deployments.

For the academic year 2002-2003 the Commission made special arrangements with the National Guard to guarantee that students called to active duty because of the war on terrorism would not lose their grants or grant eligibility if they were unable to complete a FAFSA on time.

Awards Used by National Guard Students Academic Years 2000-2001 to 2003-2004		
Year	National Guard Award	
2000	Students	503
	Mean	\$2,040
	Median	\$1,796
	Total	\$1,026,094
2001	Students	861
	Mean	\$2,140
	Median	\$1,919
	Total	\$1,842,824
2002	Students	923

Awards Used by National Guard Students Academic Years 2000-2001 to 2003-2004		
Year		National Guard Award
	Mean	\$2,400
	Median	\$2,108
	Total	\$2,214,787
2003	Students	841
	Mean	\$2,635
	Median	\$2,310
	Total	\$2,215,806

Maintaining Student Aid Appropriations: Fee Remission for Certain Students

The Commission administers a fee remission program aimed at the following students enrolled in Indiana public colleges:

- A pupil in Soldiers' and Sailors' Children's Home
- A child of a Purple Heart recipient or wounded veteran
- A child of a POW/MIA from Vietnam War
- A child of a deceased or disabled veteran
- A child of a deceased police officer or firefighter
- A spouse of a deceased police officer or firefighter

The fees covered by this program and paid by the state are tuition and all mandatory fees for courses required for the student's degree. Because this grant pays actual tuition and fees, the costs grew on average by 12% to 15% per year as the public colleges raised their tuition in 2002-03 and 2003-04. Those costs were unanticipated when the 2003-05 biennial budgets were written. SSACI found it necessary to delay payments to schools until the new fiscal year began. Growth in the number of students is expected to be modest over the next 3 years but costs will be directly indexed to rising tuition and fees.

Starting January 1, 2005, SSACI is requiring all students in this program to file a FAFSA. This is being done for two main reasons: (1) to maximize the financial aid available to students and to spread the costs among a number of state programs; (2) and to collect better data on the students in the program. The latter point is important. For example, in 2003-04 SSACI had financial data on only about 45% of the students.

The following table estimates growth in the program assuming a modest growth of 3% per year in the number of students and modest growth in tuition and covered fees of 5% per year.

Fee Remission (Entitlement) Program						
Child of Disabled Veterans and Public Safety Officers Killed in the Line of Duty						
Fee Remission Type	Actual		Estimated		Estimated	
	2003-04		2004-05		2005-06	
	Students	Paid	Students	Paid	Students	Paid
Pupil in Soldier and Sailors Home	25	\$57,111	25	\$60,146	25	\$63,343
Child of Purple Heart recipient	448	\$1,203,810	449	\$1,267,793	451	\$1,335,176
Child of deceased or disabled veteran	5162	\$13,797,058	5,177	\$14,530,372	5,193	\$15,302,661
Child of deceased public safety officer	6	\$23,643	8	\$33,101	8	\$34,860
Spouse of deceased public safety officer	1	\$2,647	1	\$2,787	1	\$2,935
Totals	5,642	\$15,084,270	5,661	\$15,894,199	5,678	\$16,738,976

As can be seen from the table, the majority of students in the program are children of disabled veterans. Of those, the majority attend 4-year public universities where costs are highest.

Summary

As noted earlier, helping students pay for college is a long-term investment in Indiana's future. Hoosiers who go to college have children who graduate from college. College graduates pay more in taxes, buy more expensive homes, vote more often, are healthier, are able to afford health insurance, and are unemployed less. Despite rising tuition costs and the increases on student aid that implies, Indiana cannot allow itself to fall behind.

Currently, the Commission's budget is only about 3% to 4% of the state's expenditure on higher education. Even with the modest increases requested in the attached schedules, the Commission's share of higher education expenses is modest. The equation is simple: As state appropriations to the public colleges and universities go down, the institutions respond by raising tuition and fees. If state financial aid is not increased to offset these increases in tuition and fees, Indiana will be unable to compete in a marketplace that requires well-educated workers.

Part I: Program Descriptions

Current Commission grant and scholarship programs include:

- The Higher Education Award Program;
- Freedom of Choice Program;
- The Part-time Grant Program;
- The Hoosier Scholar Program;
- The Minority Teacher and Special Education Services Scholarship Program;
- The State Work-Study Program;
- The Indiana Nursing Fund Scholarship Program;
- The Paul Douglas Teacher Scholarship Program;
- The Robert C. Byrd Honors Scholarship Program;
- The Specter Grant Program;
- The Reciprocity Agreement Program;
- The Twenty-first Century Scholars Program;
- The National Guard Supplemental Grant Program;
- The Child of Veteran and Public Safety Officer Supplemental Grant Program; and
- Several Federal Programs

A brief description of each of these programs follows.

Frank O'Bannon Grant: The Higher Education Award and Freedom of Choice Programs

The Higher Education Award (HEA) and the Freedom of Choice grant (FOC) is the Frank O'Bannon Grant¹ Program. It is the largest Commission program serving approximately 46,000 Hoosier college students each year. The FOC grant is available only at private colleges. The HEA is available at public, private, and proprietary colleges.

The program maximizes efficiency by relying on federal financial aid application data to assess qualification for State aid, thereby reducing duplicate forms and redundant filing by applicants. After electronically retrieving and processing financial aid application data, awards are calculated each year by the Commission and notices are distributed to individual students and postsecondary institutions. Institutions are notified of student awards via electronic file transfer. Students are notified of their awards via U.S. mail and an internet application, eStudent.

National Recognition

In recent years, and currently too, Indiana's need-based aid programs administered by the State Student Assistance Commission ranked *seventh* nationally in estimated grant dollars per resident population, *ninth* in estimated grant dollars per resident college-age population, and *sixth* in estimated grant dollars to undergraduates per full-time undergraduate enrollment. In particular, California is the only state that gives higher grants to students at independent (private) colleges than Indiana, and then only by a few hundred dollars.

¹ The program was formerly named the Higher Education Grant. It was changed to honor the late Governor Frank O'Bannon.

The increases requested in student aid appropriations are intended to keep the state's level of support for individual students comparable to the state's level of support for the publicly funded colleges and universities. Reduction in budgets could jeopardize this leadership position, one of the few in education achieved by the state.

Eligibility for an Award

To receive an Indiana grant, an applicant must be an Indiana resident, be an undergraduate and enroll in an eligible Indiana postsecondary institution as a full-time student and demonstrate financial need. The student must also file a financial aid application (designated by the U.S. Department of Education as the Free Application for Federal Student Aid or *FAFSA*) between January 1 and March 10 of each year.

The grant levels per student are based upon a formula that discounts allowable costs by the student's ability to pay. An award offered can not be used if a student is academically ineligible, goes to an ineligible institution, or is in default of an educational loan. General descriptions of the students served by the HEA and FOC programs are listed below.

Population Descriptions

The following table summarizes some facts about students who filed the financial aid application for the 2002-2003 academic year. It includes only dependent students, that is, the typical college student going to college straight out of high school and dependent on her or his parents for financial support. Of these students, 37,872 were offered awards and 50,220 were not eligible for state aid.

For 2004-05 and beyond, the demographics are expected to change only slightly and probably in the direction of having less ability to pay and more lower-income students. As more students enter the state's Community College system, more students with financial need will enter the system. The increases requested in student aid appropriations are intended to keep the state's level of support for individual students comparable to the tuition charged by the publicly funded colleges and universities.

Characteristics of Dependent Students Filing a FAFSA Academic year 2002-2004		
	State eligible for state aid	Students not eligible for state aid
First generation college goers, percent	56%	39%
Single parents, percent	45%	12%
Age of older parent (yrs), average	47.0	48.3
Mother's 2002 earnings from work, average	\$16,008	\$27,062
Father's 2002 earnings from work, average	\$21,668	\$53,891
Parent's 2002 adjusted gross income, average	\$34,159	\$81,392
Parental contribution towards education costs	\$2,237	\$14,346

The Part-time Grant Program

The Commission's Higher Education Award and Freedom of Choice grant programs are directed at Hoosier students enrolled on a full-time basis. But there are many students enrolled less than full time who need financial aid to complete a degree or certificate (at

Ivy Tech State College). The Commission established a program that helps part-time students who have demonstrated a commitment to pursuing a higher education.

The Part-Time Grant helps the state in an indirect way: First priority for the award is given to students meeting certain income guidelines. This enables the state to claim expenses for the program as part of its maintenance of effort (MOE) for the federal Temporary Assistance to Needy Families (TANF) program.

The program is designed to encourage part-time undergraduates to start and complete their Associate or Baccalaureate degrees or Certificates by subsidizing part-time tuition costs. The students must meet State residency requirements, have filed a FAFSA and otherwise qualify for State aid. The part-time grant is a need-based award.

The Hoosier Scholar Program

The Hoosier Scholar Program is a one-time, \$500 scholarship to outstanding high school seniors entering their first year at an Indiana college. It is a strictly academic merit program. Students must be in the top 20% of their high school graduating class and are nominated by their high school guidance staffs.

Hoosier Scholars Awards 2002-03 and 2003-04				
Institution Type	2002-03		2003-04	
	Students	Amount	Students	Amount
Public	440	\$220,000	483	\$241,500
Private	348	\$174,000	310	\$155,000
Proprietary	1	\$500	1	\$500

The Minority Teacher and Special Education Services Scholarship Program

This program was created to provide renewable scholarships for African American and Hispanic students preparing for a teaching career. In 1990 the program was amended to include the fields of Special Education, Occupational Therapy and Physical Therapy. Providing about \$400,000 each year, the Minority and Special Education Services Scholarship Program has helped thousands of Indiana students since its inception. Scholarship recipients must attend an Indiana college or university and agree to teach in an Indiana school for 3 out of 5 years.

Minority Teacher and Special Education Services Program Academic Years 2002-03 and 2003-04				
	2002-03		2003-04	
	Students	Awards	Students	Awards
Public Institutions - Black Students	132	\$185,046	151	\$237,611
Public Institutions - Hispanic Students	42	\$59,356	37	\$59,200
Subtotal Public Institutions	174	\$244,402	188	\$296,811
Independent Institutions - Black Students	21	\$24,850	25	\$39,200
Independent Institutions - Hispanic Students	8	\$17,500	5	\$10,000
Subtotal Independent Institutions	29	\$42,350	30	\$49,200

Minority Teacher and Special Education Services Program Academic Years 2002-03 and 2003-04				
	2002-03		2003-04	
	Students	Awards	Students	Awards
Program Totals - Black Students	153	\$209,896	176	\$276,811
Program Totals - Hispanic Students	50	\$76,856	42	\$69,200
Subtotal This Program	203	\$286,752	218	\$346,011
Special Education Teacher Scholarship Program				
Public Institutions	69	\$67,033	80	\$84,300
Independent Institutions	38	\$31,594	34	\$33,537
Subtotal This Program	107	\$98,627	114	\$117,837
All Programs	310	\$385,379	332	\$463,848

The State Work-Study Program

The State Work-Study Program is designed to help students gain work experience and earn money in the summer toward their college expenses during the school year. Only students who received Frank O'Bannon Grant awards during the prior academic year are eligible for summer work-study. The program has provided more than \$9 million to assist over 9,000 students since 1986.

In 1989 the Commission began to administer the work-study program as a summer only program. However, in 1999 the Commission returned the State Work-Study program back to its original format, an academic year and summer program. Returning to a year round program has helped more college students to meet the rising costs of college as well as providing more support to employers.

As part of the partnership agreement with summer employers, the state agreed to assist with the burden of cost to the employers for employing eligible students. However, increases over the years in the minimum wage rates, competition for student workers with the private workforce sector, and flat budgets has made it difficult for State summer employers to efficiently assist work-study students.

Work Study Program Academic Years 2002-03 and 2003-04				
Organization	2002-03		2003-04	
	Students	Awards	Students	Awards
Public Colleges	53	\$64,354	64	\$71,693
Independent Colleges	100	\$96,721	75	\$64,331
Not-for-Profit Organizations	140	\$145,657	108	\$147,502
State Agencies	30	\$49,991	49	\$84,672
City & Local Government	147	\$216,330	153	\$202,648
Total	470	\$573,053	449	\$570,846

The Nursing Fund Scholarship Program

In 1990, the Indiana General Assembly created the Nursing Fund Scholarship Program to address the critical shortage of nurses in Indiana. Funds are available to Indiana residents who are admitted to an eligible Indiana nursing school and demonstrate financial need. In addition, eligible applicants must have a minimum grade point average of at least 2.0 on a 4.0 scale. Award recipients must agree to work as a nurse in Indiana for at least two years following graduation. The scholarship can be as much as \$5,000 per academic year and may only be used for tuition and fee expenses.

Nursing Scholarships by Student Program Academic Year 2003-04			
Program	Institutional Sector	Awards	Students
Licensed Practical Nurse	Public	\$70,016.00	137
Registered Nurse - Bachelor Degree	Public	\$112,080.50	119
	Private	\$39,240.00	53
	Sub Total	\$151,320.50	172
Registered Nurse - No Bachelor Degree	Public	\$72,148.50	94
	Private	\$27,545.00	54
	Sub Total	\$99,693.50	148
All Programs	Public	\$254,245.00	350
	Private	\$66,785.00	107
	Total	\$321,030.00	457

Paul Douglas Teacher Scholarship Program

In 1995, Congress terminated funding for the Douglas program. Although the program no longer provides scholarships to students, the State, through the Commission, is still responsible for monitoring scholars' enrollment and employment status, verifying program compliance rules and obligations, and collecting refunds from recipients who failed to fulfill their teaching obligations. Unless the U.S. Department of Education or Congress provides administrative relief, the Commission's responsibilities with respect to administering this program will continue well into the next century. During the nine years the program was in operation 298 Indiana students benefited from the program. The Commission is required to follow the recipients of this program until their obligation is honored.

Robert C. Byrd Honors Scholarship Program

The Robert C. Byrd Honors Scholarship is designed to promote and award outstanding academic achievement. The \$1,500 renewable scholarships are divided equally among Indiana's ten congressional districts. The Byrd Scholarship Program was established in 1986. It is federally funded.

Byrd Scholars Academic Years 2002-03 and 2003-04				
	2002-03		2003-04	
	Students	Awards	Students	Awards
Indiana Public Institutions	189	\$265,187	158	\$186,500
Indiana Independent Institutions	145	\$216,375	156	\$232,438
Out-of-State Public Institutions	49	\$72,000	90	\$130,000
Out-of-State Independent Institutions	169	\$280,500	154	\$222,000
Renewal Scholarships Awarded	413	\$625,562	423	\$568,438
New Scholarships Awarded	139	\$208,500	135	\$202,500
Total Scholarships	552	\$834,062	558	\$770,938

The Specter Grant

A federally funded program to the Indiana Department of Corrections administered by the Commission. It provides modest college tuition grants to incarcerated Indiana students not eligible for other state aid. Students must be 25 year or younger and eligible for parole or incarcerated for 5 years or less. Students are usually ineligible for other state aid because they cannot meet the FAFSA filing deadlines.

Specter Grant Academic Years 2002-03 and 2003-04				
	2002-03		2003-04	
	Students	Awards	Students	Awards
Public Institutions	92	\$117,029	93	\$179,731
Independent Institutions	72	\$184,260	50	\$91,500
Total	164	\$301,289	143	\$271,231

The Reciprocity Agreement Program

Formerly known as the “Contract for Space” Program, the program was established in the 1989-90 academic year, the Reciprocity Agreement Program provides out-of-state college assistance to students residing in a six county area of southeastern Indiana that is noted for its lack of a four-year, public, postsecondary institution.

Currently, three postsecondary institutions participate in the program, Northern Kentucky University (NKU), University of Cincinnati (UC), and Cincinnati State Technical and Community College (CSTCC). Northern Kentucky University is being phased out of the program. Tuition and fees have increased at each of these institutions over the past several years. As a consequence, both the number of students served and the amount the State will be able to pay over the next biennium toward discounting the costs of tuition and fees will grow smaller.

Twenty-First Century Scholars Program

The Twenty-first Century Scholars Program is designed to support and encourage youth from lower-income families to enter college. It was established in 1990 to:

- Reduce the number of students who withdraw from high school before graduation;
- Increase the number of students prepared to enter the workforce upon graduation;
- Increase the number of low-income students entering institutions of higher education;
- Decrease drug and alcohol use by encouraging higher education pursuits;
- Increase individual economic productivity; and
- Improve the overall quality of life for Indiana residents.

The Scholars program began in 1990 with the enrollment of the first cohort of eighth graders from low and moderate-income families. The program provides mentoring, counseling, tutoring and advising of those students as they progress through secondary education. A decade of grants supplemented with early intervention programming over the past five years has had positive results. A recent study (June 2002) by Dr. Edward St. John and others at the Indiana Education Policy Center has found

... participation in the Scholars program improved postsecondary opportunity for low-income students compared to students who are not in the program. This study confirms that the Scholars program played a role in the substantial gain in college access in the 1990s in Indiana. These findings indicate that Indiana's 21st Century Scholar's Program provides a workable approach to overcoming inequalities in educational opportunity.

To help ensure that young people from at-risk environments stay on track to their pledge of good citizenry and their goal of higher education, Scholars must have the commitment of the entire community. In addition to enabling Scholars to earn tuition assistance, the program engages Scholars, their families, and their communities in a holistic, network of support initiatives. The aim of these initiatives is to build resiliency—to foster an academically encouraging environment for Scholars, while empowering parents to serve as the educational leaders in Scholars' lives.

Since 1999 GEAR UP funds have allowed the program to expand to sixteen sites and doubled program resources. From the sixteen Community Partner sites, full-time GEAR UP/Twenty-first Century Scholar Coordinators direct the outreach support initiatives in local communities. Each Community Partner hosts a Parent Support Group.

Coordinators and staff assistants engage Scholars and their families throughout Indiana in a myriad of academic enrichment and college preparatory activities. Some of the activities—such as drug prevention workshops, conflict resolution training and service-learning projects—promote life-skills and social responsibility. Other activities—such as tutorial sessions, mentoring groups, and college tours—help Scholars achieve academic success and reach a higher level of self-actualization. The following table shows the number of *new* Scholars applying to college each year since 1995.

New Scholars Applying to College	
Year	New Scholars
1995	1,424
1996	2,562
1997	2,327
1998	2,342
1999	2,588
2000	3,248
2001	3,514
2002	3,760
2003	4,780

The following table shows the number of Scholars and the Scholarships used from 1995-96 to 2003-04.

Awards Used by 21 ST Century Scholars Academic Years 1995-1996 to 2003-2004				
Year	Students	Mean	Median	Total
1995	1,463	\$1,297	\$1,044	\$1,897,143
1996	2,815	\$1,274	\$1,061	\$3,586,763
1997	3,540	\$1,348	\$1,114	\$4,771,556
1998	4,382	\$1,449	\$1,218	\$6,349,763
1999	4,600	\$1,497	\$1,229	\$6,884,035
2000	5,033	\$1,507	\$1,194	\$7,583,425
2001	5,984	\$1,567	\$1,163	\$9,379,520
2002	6,942	\$1,749	\$1,416	\$12,476,966
2003	7,639	\$1,926	\$1,575	\$14,714,426

National Guard Supplemental Grant Program

The National Guard Supplemental grant is available to members of the Indiana Air and Army National Guard seeking their first bachelor's degree. Students must meet all eligibility requirements for a Higher Education Award, be in active drilling status and they cannot have been AWOL in the past twelve months. The grant makes up the difference in tuition not covered by the Higher Education Award. It is available only at public colleges in Indiana.

For the academic year 2002-2003 the Commission made special arrangements with the National Guard to guarantee that students called to active duty because of the war on terrorism would not lose their grants or grant eligibility if they were unable to complete a FAFSA on time. The number of students decreased in 2003-04 by over 200 due to the deployments. Numbers are expected to increase over the biennium. The following table shows the number of students since its inception in 2000-2001.

National Guard Students	
Academic Years 2000-2001 to 2003-2004	
Year	Students
2000	503
2001	861
2002	923
2003	841

Child of Veteran and Public Safety Officer Supplemental Grant Program

This program-the CVO Program-provides tuition and fee assistance at public colleges for eligible children of disabled Indiana veterans and eligible children and spouses of certain Indiana public safety officers killed in the line of duty. As a supplement to other state financial aid, the grant pays 100% of tuition and program related mandatory fees; it does not cover other fees such as room and board.

Students who might be covered under the veterans' portion of the program are:

- Certain graduates of the Soldiers' and Sailors' Children's Home
- Children of Purple Heart recipient or wounded veteran
- Children of deceased or disabled veteran
- Children of POW/MIA from Vietnam War

Some program restrictions apply and financial assistance may be limited to a maximum number of credit hours. The veteran must meet, or have met, certain Indiana residency requirements, and the child must be the biological child or legally adopted dependent child of the veteran. An application from the Indiana Department of Veterans Affairs (IDVA) is required. All students are required to file the Free Application for Federal Student Aid (FAFSA) each year at least two (2) weeks before they start college.

Students who might be covered under the public safety officers' portion of the program are:

- A child of a police officer, firefighter or emergency medical technician killed in the line of duty, or the child of an Indiana state police trooper permanently and totally disabled in the line of duty.
- A spouse of a police officer, firefighter or emergency medical technician killed in the line of duty, or the spouse of an Indiana state police trooper permanently and totally disabled in the line of duty.

The deceased public safety officer must have been killed in the line of duty while a legal resident of Indiana and be one of the following:

- A regular, paid law enforcement officer
- A city police reserve officer
- A regular, paid firefighter
- A paramedic
- A volunteer firefighter
- A county police reserve officer
- An emergency medical technician
- An advanced emergency medical technician

Some program restrictions apply and financial assistance may be limited. Children must be less than 23 years of age, a full-time undergraduate or graduate degree-seeking student, and the biological or legally adopted dependent child of the covered public safety officer. Spouses must be enrolled in a degree-seeking undergraduate program and must have been married to the covered public safety officer at the time of death. Both children and spouses must be regularly admitted as in-state students to a public college and must maintain satisfactory academic progress (as defined by the college) while receiving the fee remission. All students are required to file the Free Application for Federal Student Aid (FAFSA) each year at least two (2) weeks before they start college.

Additional Programs

Federal Funds: Uncertainty and Loss

In the past the agency has been the recipient of federal funds that support several Commission programs. Not all the news is good.

- LEAP/SLEAP (Leveraging Educational Assistance Partnership and its Supplement) money has been allocated by the federal government for 2002-2003 and the Commission expects grants for 2004 and 2005, but there is no guarantee.
- The GEAR UP program started in 1999-2000 and is funded only for 5 years through 2004-2005. The state must assume the costs in 2005-06.

The Importance of Financial Aid

There is evidence that the current Indiana student aid system is holding its own in meeting the needs of students in offsetting the costs of education. It makes college affordable and possible for large number of Hoosiers who otherwise would have to forgo college or take on large amounts of loan debt. It is an investment in the future of Indiana: college-educated Hoosiers generate revenue for the state and raise the quality of life.

The state of Indiana is currently ranked as one of the top ten states in granting financial aid to college students, both in the total amount of aid and in the size of the individual awards to students in Indiana public, independent, and proprietary colleges. Indeed, Indiana frequently occupies the 6th or 7th position. In order to maintain this leadership position, the State Student Assistance Commission has been strongly supported by the General Assembly, the Governor and the Commission for Higher Education. The Commission is certain such support will continue into the next biennium.

Financial aid is a public policy issue of great importance. Unusual with public policy, how a financial aid program is structured lends itself to rational and political calculations as well as a sense of what is fair and right to do. What the leadership of the state does or fails to do in crafting financial aid programs has long-term and far-reaching consequences for Hoosier families.

Part II: Eligible Institutions & Budget Request and Expenditure Tables

Eligible Colleges and Universities

Title IV	College
031763	American Trans Air Aviation Training Academy
001784	Ancilla College
001785	Anderson University
001786	Ball State University
016661	Ball Memorial Hospital School of Radiological Technology
001787	Bethel College
001788	Butler University
001834	Calumet College of Saint Joseph's
014607	Commonwealth Business College-Merrillville/Michigan City
034567	Crossroads Bible College
E00499	Davenport College-Merrillville
016862	Davenport College-South Bend
001792	Depauw University
001793	Earlham College
001798	Franklin College
001799	Goshen College
001800	Grace College
001801	Hanover College
007263	Holy Cross College
001803	Huntington College
015227	Indiana Business College-Anderson
015226	Indiana Business College-Columbus
E00778	Indiana Business College-Evansville
E00931	Indiana Business College-Fort Wayne
015218	Indiana Business College-Indianapolis
E00777	Indiana Business College-Indianapolis Medical
015224	Indiana Business College-Lafayette
015223	Indiana Business College-Marion
015222	Indiana Business College-Muncie
015220	Indiana Business College-Terre Haute
001805	Indiana Institute of Technology
001807	Indiana State University
001809	Indiana University-Bloomington
001811	Indiana University-East (Richmond)
001813	Indiana University/Purdue University-Indianapolis (IUPUI)
E01033	Indiana University/Purdue University-Columbus (IUPUC)
001814	Indiana University-Kokomo
001815	Indiana University-Northwest (Gary)
001816	Indiana University-South Bend

Title IV	College
001817	Indiana University-Southeast (New Albany)
001822	Indiana Wesleyan University
014207	International Business College-Fort Wayne
E00664	International Business College-Indianapolis
008329	ITT Technical Institute-Fort Wayne
007329	ITT Technical Institute-Indianapolis
007327	ITT Technical Institute-Newburgh
035213	Ivy Tech State College-Bloomington
010038	Ivy Tech State College-Columbus
009925	Ivy Tech State College-Evansville/Tell City
009926	Ivy Tech State College-Fort Wayne
010040	Ivy Tech State College-Gary/Valparaiso
009917	Ivy Tech State College-Indianapolis
010041	Ivy Tech State College-Kokomo/Logansport/Wabash
010039	Ivy Tech State College-Lafayette/Crawfordsville
009923	Ivy Tech State College-Madison/Lawrenceburg/Batesville
009924	Ivy Tech State College-Muncie/Anderson/Marion
010037	Ivy Tech State College-Richmond/Connersville
010109	Ivy Tech State College-Sellersburg
008423	Ivy Tech State College-South Bend/Warsaw/Elkhart
008547	Ivy Tech State College-Terre Haute/Greencastle
007938	Lincoln Technical Institute-Indianapolis
001820	Manchester College
001821	Marian College
014975	Martin University
004583	Michiana College-Fort Wayne/South Bend
001824	Oakland City University
009777	Professional Careers Institute-Indianapolis
001827	Purdue University-Calumet
001828	Indiana University/Purdue University-Fort Wayne (IPFW)
001826	Purdue University-North Central
001825	Purdue University-West Lafayette
001830	Rose-Hulman Institute of Technology
006257	Saint Elizabeth's School of Nursing
001833	Saint Joseph's College
001835	Saint Mary-of-The-Woods College
001836	Saint Mary's College
015564	Sawyer College-Hammond/ Merrillville
E00624	Taylor University-Fort Wayne
001838	Taylor University-Upland
001839	Tri-State University-Angola
001839	Tri-State University-Fort Wayne/South Bend
001795	University of Evansville

Title IV	College
001804	University of Indianapolis
001840	University of Notre Dame
001832	University of Saint Francis
001808	University of Southern Indiana
001842	Valparaiso University
001843	Vincennes University
001844	Wabash College
Reciprocity Agreement Institutions	
Eligible institutions only for students residing in Dearborn, Franklin, Jefferson, Ohio, Ripley, or Switzerland counties	
010345	Cincinnati State Technical College
009275	Northern Kentucky University
003125	University of Cincinnati

List of Budget Request and Expenditure Tables

Schedule	Description
I	Summary Of Awards
II	Summary Of Award Activity
III	The Commission Requested Priorities For New <u>State</u> Investments
IV	The Commission Requested Priorities For New <u>Federal</u> Investments
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VI	Freedom Of Choice Program
VII	Hoosier Scholars Program
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XII	Minority And Special Education Services Scholarship Program
XIII	Paul Douglas Teacher Scholarship Program
XIV	State College Work Study Program
XV	Nursing Scholarship Program
XVI	21st Century Scholars Program
XVII	Robert C. Byrd Scholarship Program
XVIII	Frank O'Bannon Grants Administration
XIX	21st Century Scholars Administration
XX	Gaining Early Awareness and Readiness for Undergraduate Programs (Gear Up)
XXI	Fee Remission Program

Summary of Initial Budget Request

State Student Assistance Commission			
Initial 2005-2007 (FY06 & FY07) Biennial Budget			
State Requests Only			
	Estimated 2004-05	Requested	
		2005-06	2006-07
Programs Awards & Grants			
Higher Education Award	\$98,811,021	\$110,024,768	\$134,012,187
Freedom of Choice	\$38,041,495	\$43,104,396	\$49,036,362
Hoosier Scholars	\$400,000	\$400,000	\$400,000
Reciprocity Agreements	\$603,407	\$603,407	\$603,407
Part-time Grant Award Program	\$5,250,000	\$5,250,000	\$5,250,000
National Guard Supplemental Grant	\$3,033,730	\$3,033,730	\$3,033,730
Fee Remission	\$16,741,402	\$17,482,349	\$18,907,161
Minority and Special Education Teacher Scholarship	\$399,768	\$399,768	\$399,768
State College Work Study	\$805,189	\$805,189	\$805,189
Nursing Scholarship Program	\$402,142	\$402,142	\$402,142
21st Century Scholars Award Program	\$18,402,449	\$18,402,449	\$19,171,429
21st Century Early Intervention	\$2,068,031	\$5,319,977	\$5,319,977
Total Awards & Grants	\$184,958,634	\$205,228,175	\$237,341,351
Administrative Expenditures			
Scholarships & Grants	\$1,266,044	\$1,240,723	\$1,240,723
Minority and Special Education Teacher Scholarship	\$2,500	\$2,500	\$2,500
State College Work Study	\$147,628	\$147,628	\$147,628
Nursing Scholarship Program	\$32,712	\$32,712	\$32,712
21st Century Administration	\$890,718	\$937,968	\$937,968
Total Administrative	\$2,339,602	\$2,361,531	\$2,361,531
Overall Total	\$187,298,236	\$207,589,706	\$239,702,882

NOTES

Please see text for an explanation of increases and changes in budget line items.

Federal programs such as Byrd Scholarship and Specter Grant not listed but should be funded.